

# CCH Finance Committee Meeting February 2019

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CFO



COOK COUNTY  
**HEALTH**

# Agenda

1. FY 2018 Draft Unaudited Financials Statements
  - a. Financials
  - b. Preliminary Observations
2. Systemwide Financials & Stats
  - a. Financials
  - b. Observations
  - c. Financial / Revenue Cycle metrics
3. CCH Provider Service Financials
4. CountyCare Financials & Stats
5. Correctional Health services Financials & Stats
6. Department of Public Health Financials & Stats
7. Administration Financials



# FY 2018 Draft Unaudited Financials



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# Draft Unaudited Income Statement for the Fiscal Year 2018 (Thousands)

	2017	2018	\$ Variance	% Variance
<b><u>Operating Revenues</u></b>				
Net Patient Service Revenue	593,240	590,021	(3,219)	-0.5%
County Care Capitation	836,538	1,930,510	1,093,972	130.8%
Provident Hospital Access Payments	112,840	106,551	(6,289)	-5.6%
Grant Revenue	11,803	10,000	(1,803)	-15.3%
Electronic Health Record Incentive	3,494	1,559	(1,936)	-55.4%
Other Revenue	13,420	14,029	609	4.5%
<b>Total Operating Revenues</b>	<b>1,571,335</b>	<b>2,652,670</b>	<b>1,081,335</b>	<b>68.8%</b>
<b>Total Nonoperating Revenues</b>	<b>102,499</b>	<b>77,499</b>	<b>(25,000)</b>	<b>-24.4%</b>
<b><u>Operating Expenses:</u></b>				
Salaries and wages	677,210	686,681	9,471	1.4%
Pension	235,749	243,363	7,614	3.2%
Supplies & Materials	138,590	159,426	20,836	15.0%
Purchased services, rental and other	242,425	268,561	26,136	10.8%
External Claims Expense	680,190	1,639,856	959,665	141.1%
Insurance	34,295	34,295	(0)	0.0%
Depreciation	25,430	34,427	8,997	35.4%
Utilities	13,695	12,268	(1,426)	-10.4%
Services by other County offices	29,923	29,923	-	0.0%
<b>Total Operating Expenses</b>	<b>2,077,507</b>	<b>3,108,799</b>	<b>1,031,292</b>	<b>49.6%</b>
<b>Loss before capital contributions &amp; transfers in</b>	<b>(403,673)</b>	<b>(378,631)</b>	<b>25,042</b>	<b>-6.2%</b>
Capital Contributions	68,710	63,150	(5,560)	-8.1%
Transfers in	189,510	189,510	-	0.0%
<b>Change in Net Position</b>	<b>(145,454)</b>	<b>(125,971)</b>	<b>19,483</b>	<b>13.4%</b>



# Preliminary Observations

- Gross Patient Services Revenues (Charges) grew from \$1.61B to \$1.69B in FY2018, a 5% increase
- Net Patient Service Revenue about flat from FY2017, we expect a further review as we complete the year end audit
- Change in Net Position- projected bottomline improvement vs. FY2017, within 5% of FY2018 budget expectations of \$120M on the accrual basis.
- Systemwide uninsured numbers, captured by visit held about 42%



# FY 2019 Financials



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# Systemwide Observations and Revenue Cycle Metrics



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# Income Statement for the One Month ending Dec-2018 (in thousands)

	Year-To-Date		Variance	
	Actual	Budget	\$	%
<b><u>Operating Revenue</u></b>				
Net Patient Service Revenue	50,846	62,358	(11,512)	-18%
CountyCare Capitation Revenue	186,503	151,812	34,690	23%
Access Payments	2,892	2,892	-	0%
Other Revenue	109	1,083	(974)	-90%
<b>Total Operating Rev</b>	<b>240,350</b>	<b>218,146</b>	<b>22,204</b>	<b>10%</b>
<b><u>Operating Expenses</u></b>				
Salaries & Benefits	53,681	58,861	5,180.02	9%
Overtime	3,961	2,983	(978)	-33%
Contracted Labor	2,220	2,843	624	22%
Pension*	20,280	20,280	-	
Supplies & Materials	16,121	5,171	(10,950)	-212%
Pharmaceutical Supplies	10,659	6,736	(3,923)	-58%
Purch. Svs., Rental, Oth.	18,753	25,888	7,134	28%
External Claims Expense	164,467	118,047	(46,419)	-39%
Insurance Expense	1,864	2,453	589	24%
Depreciation	2,892	2,892	-	0%
Utilities	1,026	824	(202)	-25%
<b>Total Operating Exp</b>	<b>295,923</b>	<b>246,978</b>	<b>(48,945)</b>	<b>-20%</b>
<b>Operating Margin</b>	<b>(55,573)</b>	<b>(28,832)</b>	<b>(26,741)</b>	<b>-93%</b>
<b>Operating Margin %</b>	<b>-23%</b>	<b>-13%</b>	<b>-10%</b>	<b>-75%</b>
<b>Non Operating Revenue</b>	<b>21,604</b>	<b>21,604</b>	<b>-</b>	<b>0%</b>
<b>Net Income/(Loss)</b>	<b>(33,970)</b>	<b>(7,229)</b>	<b>(26,741)</b>	<b>-370%</b>





# Observations

Change in Net position challenging to FY2019 targets but drivers to watch vs. same time FY18 include

- Primary Care visits are up by 2%, and Specialty Care visits are up 5%
- Surgical Cases up 1% and slightly below FY2019 Target
- Inpatient Discharges down 11% and LOS 16% lower
- Emergency Department visits are down 1%
- Deliveries are flat
- Case Mix Index is up by 10%, sustained improvement in coding and documentation of our patients complexity, comorbidity and complications
- System-wide uninsured numbers, captured by visit held 44% (Provident 37%, ACHN 44%, Stroger 47%)
- System wide Revenue Cycle ratios challenging in Dec-2018 we expect to sustain FY2018 progress

# Financial Metrics

Metric	As of end Dec- 17/YTD	As of end Dec- 18/YTD	Target
Days Cash On Hand**	39	29	60
Operating Margin***	-9.5%	-11%	-5.4%
Overtime as Percentage of Gross Salary	6.6%	7.9%	5.0%
Average Age of Plant (Years)	23.3	23.2	10.7

\*Days Cash on Hand CCH target 60 days, Moody's 198 days . Overtime as percentage of Gross Salary target 5% , Moody's 2%

\*\* Days Cash in Hand Point in time i.e. as of end October for each year

\*\*\*Excludes Pension Expense Target based on compare group consisting of 'like' health systems : Alameda Health System, Medtronic Center, Parkland Health & Hospital System, and UI Health

# Revenue Cycle Metrics

Metric	Average FYTD 2019	Dec-18	Jan-18	Benchmark /Target
Average Days in Accounts Receivable <i>(lower is better)</i>	99.5	99	100	45.85 – 54.9*
Discharged Not Finally Billed Days <i>(lower is better)</i>	10.2	9.9	10.5	7.0
Claims Initial Denials Percentage <i>(lower is better)</i>	23%	22%	23%	20%

**Definitions:**

**Average Days in Accounts Receivable** Total accounts receivable over average daily revenue

**Discharged Not Finally Billed Days** Total charges of discharge not finally billed over average daily revenue

**Claims Initial Denials Percentage** Percentage of claims denied initially compared to total claims submitted.

\* Source HFMA Key Hospital Statistics and Ratio Margins, 2014



# Provider of Care Services Operational Statistics



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# Income Statement for the One Month ending Dec-2018 (in thousands)

CCH Providers	Year-To-Date		Variance	
	Actual	Budget	\$	%
<b><u>Operating Revenue</u></b>				
Net Patient Service Revenue	50,846	62,358	(11,512)	-18%
Access Payments	2,892	2,892	-	0%
Other Revenue	90	1,083	(994)	-92%
<b>Total Operating Rev</b>	<b>53,828</b>	<b>66,333</b>	<b>(12,507)</b>	<b>-19%</b>
<b><u>Operating Expenses</u></b>				
Salaries & Benefits	45,089	46,554	1,465	3%
Overtime	3,500	2,543	(957)	-38%
Contracted Labor	1,974	1,907	(67)	-4%
Pension*	16,877	16,877	-	0%
Supplies & Materials	16,075	4,813	(11,262)	-234%
Pharmaceutical Supplies	10,516	5,902	(4,614)	-78%
Purch. Svs., Rental, Oth.	12,726	18,423	5,697	31%
Insurance Expense	1,864	-	(1,864)	n/a
Depreciation	1,792	1,792	-	0%
Utilities	1,026	811	(215)	-27%
<b>Total Operating Exp</b>	<b>111,438</b>	<b>99,623</b>	<b>(11,815)</b>	<b>-12%</b>
<b>Operating Margin</b>	<b>(57,610)</b>	<b>(33,288)</b>	<b>(24,322)</b>	<b>-73%</b>
<b>Operating Margin %</b>	<b>-107%</b>	<b>-50%</b>	<b>-57%</b>	<b>-113%</b>
<b><u>Non Operating Revenue</u></b>				
<b>Non Operating Revenue</b>	<b>14,544</b>	<b>14,544</b>	<b>-</b>	<b>0%</b>
<b>Net Income/(Loss)</b>	<b>(43,067)</b>	<b>(18,744)</b>	<b>(24,322)</b>	<b>-130%</b>





# Revenue Statement for the One Month ending Dec-2018 (in thousands)

CCHHS Providers	Year-To-Date <i>Actual</i>
<b>Gross Revenue</b>	<b>126,337</b>
<b><u>Adjustments</u></b>	
Contractual Adjustments	(36,684)
Charity Adjustments	(36,514)
<b>Total Adjustment</b>	<b>(73,198)</b>
<b>Gross NPSR</b>	<b>53,140</b>
<b>Bad Debt Allowance</b>	<b>(26,380)</b>
<b>Adjusted NPSR</b>	<b>26,760</b>
<b>DSH</b>	<b>13,058</b>
<b>BIPA</b>	<b>11,028</b>
<b>Adjusted NPSR plus DSH and BIPA</b>	<b>50,846</b>
<b>Adjusted NPSR plus DSH and BIPA as a % of Gross Revenue</b>	<b>40%</b>



# CountyCare Health Plan Observations and Operational Statistics



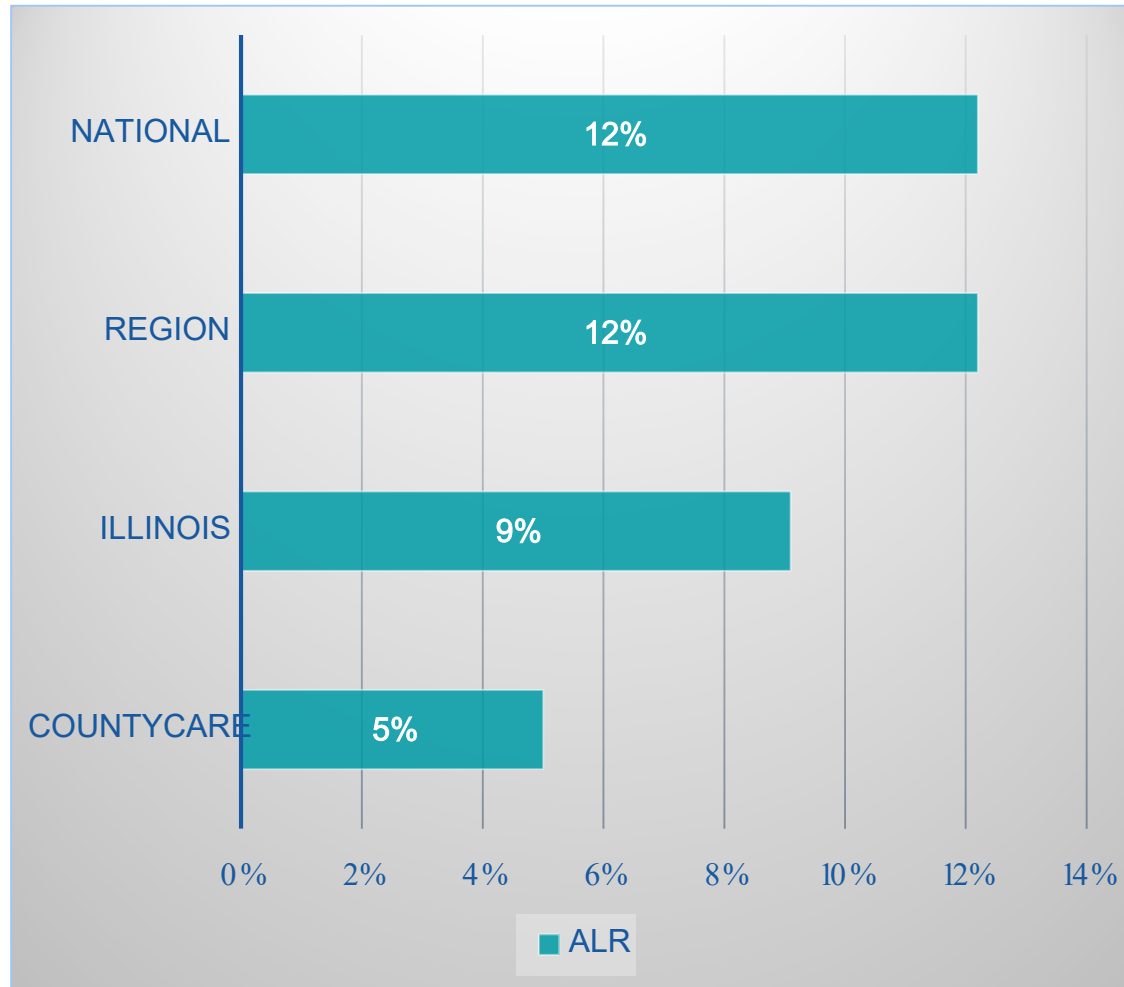
COOK COUNTY  
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# Income Statement for the One Month ending Dec-2018 (in thousands)

	Year to Date		
	Actual	Budget	Variance
Member Months	330	324	6
<b>Total Revenue</b>	<b>188,348</b>	<b>142,422</b>	<b>45,926</b>
<b>Expense</b>			
<b>Total Admin Expenses</b>	6,426	6,343	(83)
<b>CCH Clinical Expenses</b>			
Claims	12,635	18,434	5,799
Pharmacy Claims	1,266	2,793	1,528
Care Management	653	-	(653)
<b>Total CCHHS Clinical Expenses</b>	<b>14,553</b>	<b>21,227</b>	<b>6,674</b>
<b>External Clinical Expenses</b>			
Claims	93,406	73,984	(19,423)
Hospital Supplemental Access Pmt	35,680	-	(35,680)
Pharmacy Claims	25,964	25,014	(950)
Care Management	5,105	6,404	1,299
Dental Claims	2,589	3,309	720
Transportation Claims	1,346	1,502	156
Optical Claims	74	381	306
Member Incentives	301	285	(16)
<b>Total External Clinical Expenses</b>	<b>164,467</b>	<b>110,878</b>	<b>(53,589)</b>
<b>Total Clinical Expenses</b>	<b>179,020</b>	<b>132,105</b>	<b>(46,915)</b>
<b>Total Expenses</b>	<b>185,446</b>	<b>138,448</b>	<b>(46,998)</b>
Net Income Before Rate Adjustment	2,902	3,974	(1,072)
<b>Medical Loss Ratio (MLR)</b>	<b>95%</b>	<b>93%</b>	<b>2%</b>
Net Income Before Prior Period Adj/IGT	2,902	3,974	(1,072)
<b>IGT</b>	<b>1,845</b>	<b>3,004</b>	<b>(1,159)</b>
<b>Amortization</b>	<b>773</b>	<b>773</b>	<b>-</b>
<b>Net Income After IGT And Amortization</b>	<b>284</b>	<b>196</b>	<b>88</b>



# CountyCare Operations Stats for the One Month ending December 2018



## Comments

- CountyCare Medical Loss Ratio is better than National and Regional, sustained 95% YTD
- With 330,076 members in December 2018 , CountyCare is the still largest Medicaid Managed Care plan in Cook County.

Milliman Research Report-Medicaid Risk-Based Managed Care: Analysis of Financial results for 2016 . Region consists of Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin  
 MLR – Medical Loss Ratio , %age of premium spent on health care quality . ALR Administrative loss Ratio - %age spent on overhead expenses, such as marketing, profits, salaries, administrative costs etc.



# Correctional Health Services Observations and Operational Statistics



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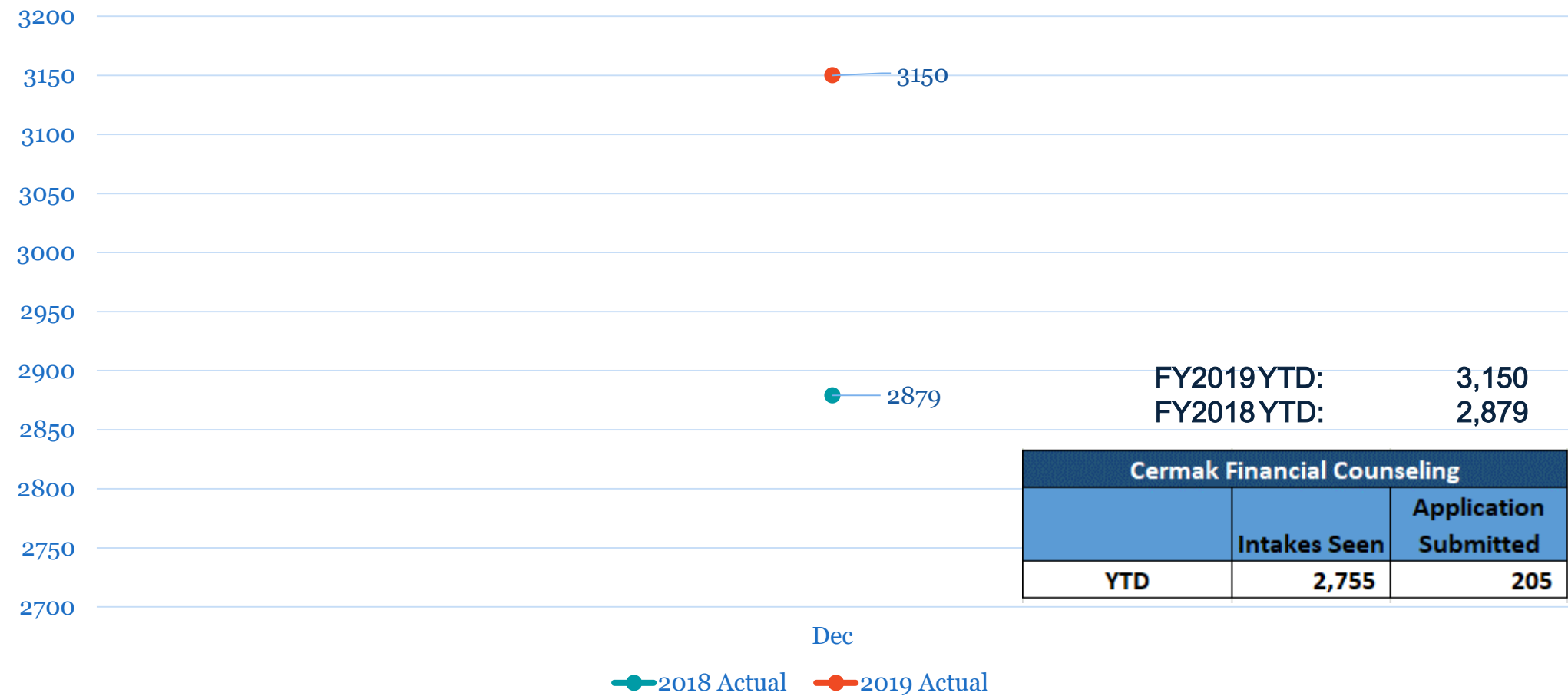


# Income Statement for the One Month ending Dec-2018 (in thousands)

Correctional Health Services	Year-To-Date		Variance	
	Actual	Budget	\$	%
<b>Total Operating Rev</b>	0	6,059	(6,059)	-100%
<b><u>Operating Expenses</u></b>				
Salaries & Benefits	4,055	5,661	1,606	28%
Overtime	406	403	(4)	-1%
Contracted Labor	0	31	30	99%
Pension*	1,452	1,452	-	0%
Supplies & Materials	38	61	23	37%
Pharmaceutical Supplies	143	833	690	83%
Purch. Svs., Rental, Oth.	13	957	944	99%
Depreciation	9	9	-	0%
<b>Total Operating Exp</b>	<b>6,117</b>	<b>9,408</b>	<b>3,290</b>	<b>35%</b>
<b>Operating Margin</b>	<b>(6,117)</b>	<b>(3,349)</b>	<b>(2,768)</b>	<b>-83%</b>
<b>Operating Margin %</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>
<b>Non Operating Revenue</b>	<b>5,331</b>	<b>5,331</b>	<b>-</b>	<b>0</b>
<b>Net Income/(Loss)</b>	<b>(787)</b>	<b>1,982</b>	<b>(2,768)</b>	<b>140%</b>

# Correctional Health Operation Overview for the One Month ending December 2018

## Total Intakes



FY2019 YTD: 3,150  
FY2018 YTD: 2,879

Cermak Financial Counseling		
	Intakes Seen	Application Submitted
YTD	2,755	205

Comments;

- Fewer but more resource intense detainees, increases experienced in Health Request Forms per patient with top 3 referrals in Oral Surgery, Ear Nose & Throat as well as Hand Clinic
- 84% of intakes are screened Financial Counseling to ensure continuity of coverage

# Cook County Dept. of Public Health Operational Statistics



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# Income Statement for the One Month ending Dec-2018 (in thousands)

COOK COUNTY PUBLIC HEALTH	Year-To-Date		Variance	
	<i>Actual</i>	<i>Budget</i>	\$	%
<b>Total Operating Rev</b>	19	1,083	(1,064)	-98%
<b><u>Operating Expenses</u></b>				
Salaries & Benefits	556	863	307	36%
Overtime	1	1	(0)	-34%
Contracted Labor	-	11	11	100%
Pension*	190	190	-	0%
Supplies & Materials	0	10	10	99%
Purch. Svs., Rental, Oth.	32	204	172	84%
Depreciation	0	0	-	0%
Utilities	-	8	8	100%
<b>Total Operating Exp</b>	779	1,287	508	39%
<b>Operating Margin</b>	(760)	(204)	(556)	-273%
<b>Operating Margin %</b>	na	na	na	na
<b>Non Operating Revenue</b>	133	133	-	0%
<b>Net Income/(Loss)</b>	(626)	(70)	(556)	-789%



# CCDPH Operation Overview for the One Months ending December 2018

Public Health	Program Title	Metric	YTD Thru Dec 18	FY19 Target
	Administration	Percent of high risk infant APORS (Adverse Pregnancy Outcome Reporting System) referrals received that are contacted for follow up by the Public Health Nurse within 14 calendar days of referral	96%	85%
		Cost per county residents served	\$5.71	\$5.71
	Environmental Health	Cost per Inspection Efficiency	\$208.56	\$208.56
		Time from receipt of Chlamydia or gonorrhea report to field (days)	5	5
	Communicable Diseases	Percent of food establishments with isolated illness complaints within a contracted community or unincorporated Suburban Cook County that are inspected within 2 business days of receipt of complaint	100%	100%
Lead Poisoning Prevention	Program Title	Metric	YTD Thru Dec 18	FY19 Target
	Lead Poisoning Prevention	Percentage of cases with elevated blood levels visited within the timeline provided in protocols	82%	90%
		Percentage of cases with elevated blood lead levels who receive nursing visit and environmental risk assessment visit	89%	95%
TB Program	Program Title	Metric	YTD Thru Nov 18	FY19 Target
	TB Program	Number of completed Direct Observation Treatments (DOT)	92%	91%



# CCH Administration Financial Statements



# Income Statement for the One Month ending Dec-2018 (in thousands)

<u>Administration</u>	Year-To-Date		Variance	
	<i>Actual</i>	<i>Budget</i>	<i>%</i>	<i>\$</i>
<b><u>Operating Expenses</u></b>				
Salaries & Benefits	3,519	3,134	-12%	(385)
Overtime	37	14	-164%	(23)
Contracted Labor	245	894	73%	649
Pension*	1,323	1,323	0%	-
Supplies & Materials	7	52	86%	45
Purch. Svs., Rental, Oth.	35	1,201	97%	1,166
Depreciation	318	318	0%	-
<b>Total Operating Exp</b>	<b>5,485</b>	<b>6,937</b>	<b>21%</b>	<b>1,452</b>
<b>Operating Margin</b>	<b>(5,485)</b>	<b>(6,937)</b>	<b>21%</b>	<b>1,452</b>
<b>Non Operating Revenue</b>	<b>931</b>	<b>931</b>	<b>0%</b>	<b>0%</b>
<b>Net Income/(Loss)</b>	<b>(4,554)</b>	<b>(6,006)</b>	<b>24%</b>	<b>1,452</b>

# Appendix

## Systemwide Volumes / Stats

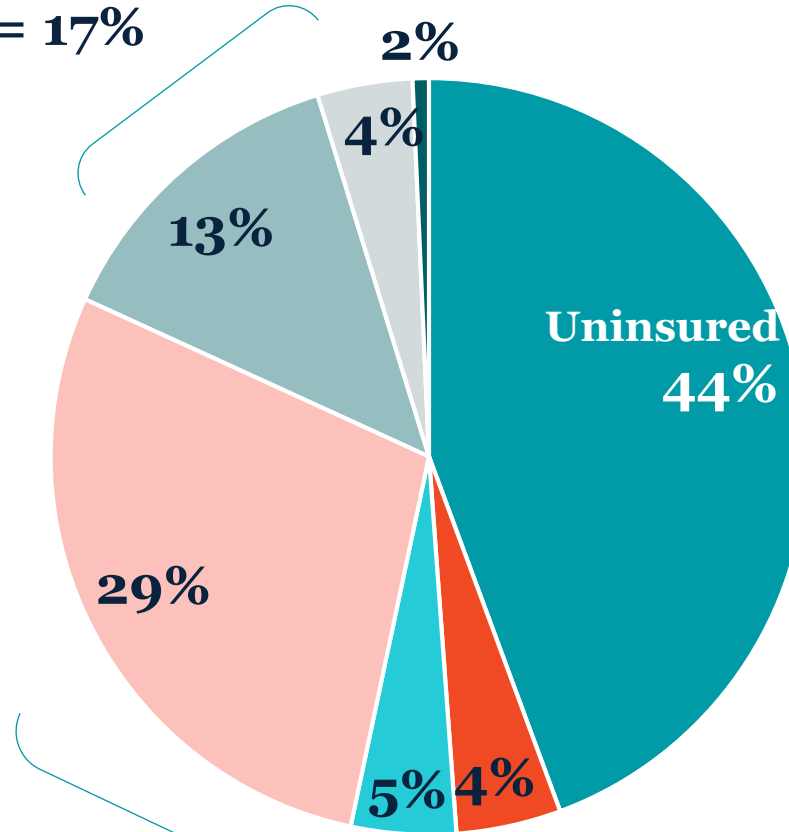


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# System Payor Mix By Visit

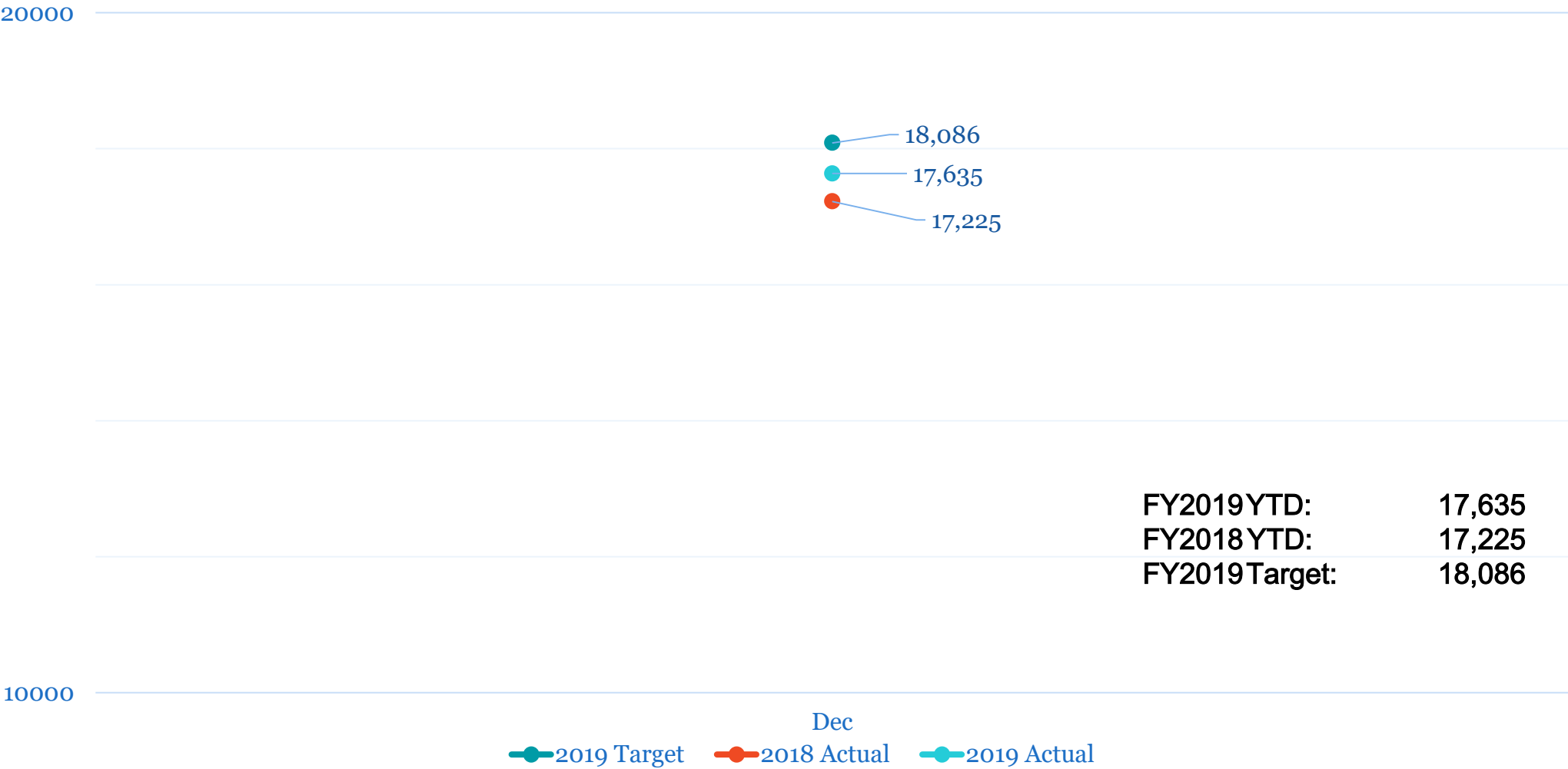
All Medicare = 17%

All Medicaid = 34%



- Uninsured
- Commercially Insured
- Medicaid
- Medicaid Managed Care
- Medicare
- Medicare Managed Care
- Other

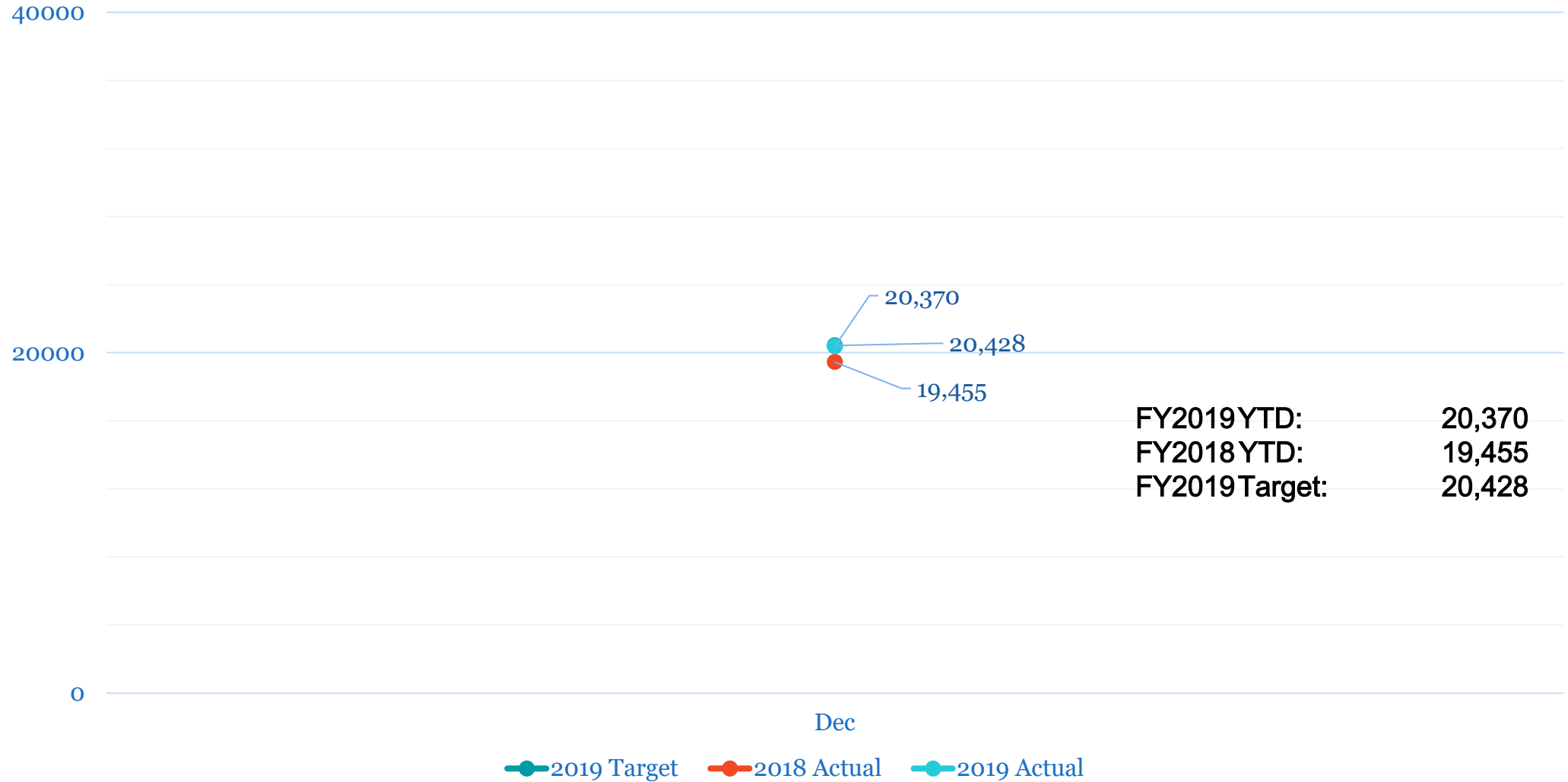
# Primary Care Provider Visits



FY2019 YTD:	17,635
FY2018 YTD:	17,225
FY2019 Target:	18,086



# Specialty Care Provider Visits



# Total Inpatient Discharges

2000

1,558

1,391

FY2019 YTD: 1,391  
FY2018 YTD: 1,558  
FY2019 Target: 1,558

1000

Dec

2019 Target 2018 Actual 2019 Actual

# Average Length of Stay



FY2019 YTD: 5.68  
FY2018 YTD: 6.75  
FY2019 Target: 6.75

# TotalEmergency Room Visits



FY2019YTD:	11,481
FY2018YTD:	11,638
FY2019Target:	11,638

# Total Deliveries



FY2019YTD:	76
FY2018YTD:	76
FY2019Target:	84

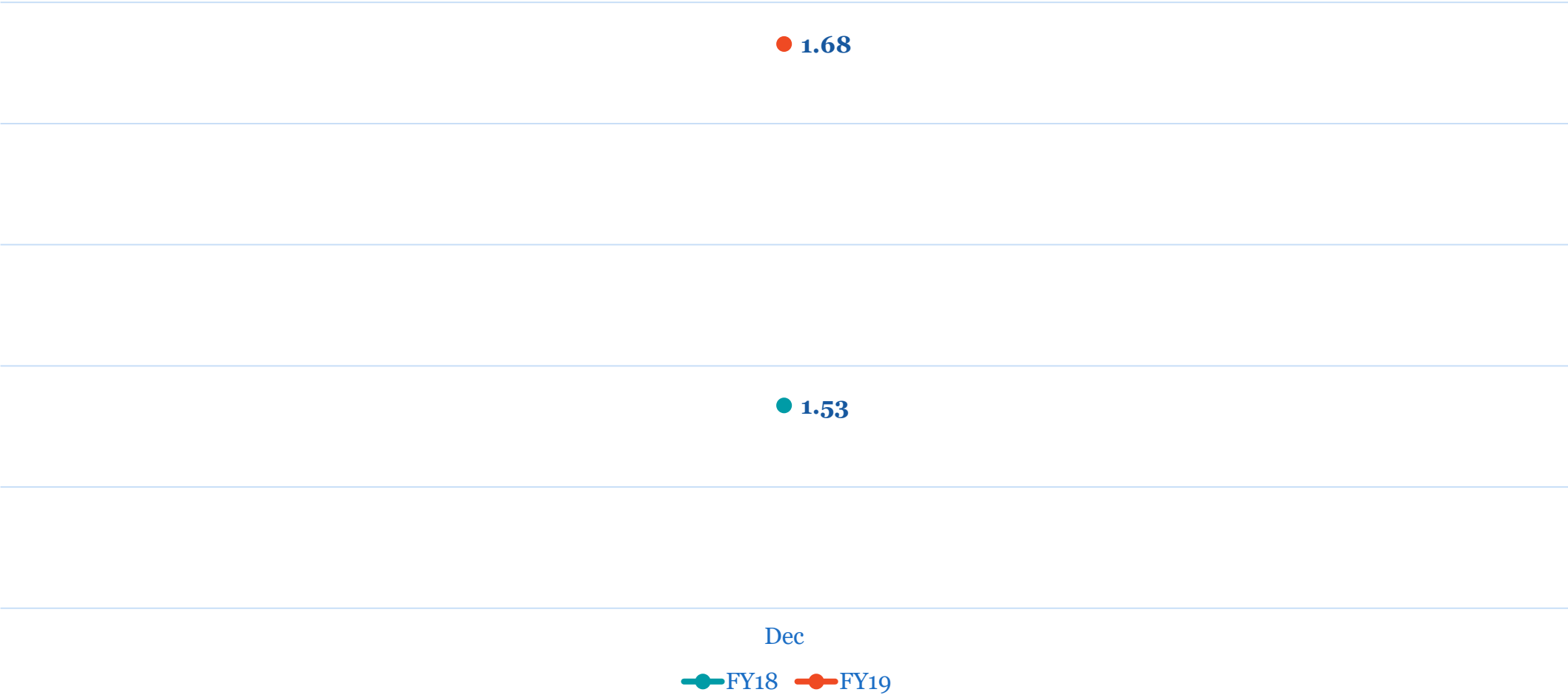
# Total Surgical Cases



FY2019 YTD:	1,134
FY2018 YTD:	1,126
FY2019 Target:	1,194



# Case Mix Index



# Questions?



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